

CONFIDENTIAL

Form No. 1	153
Changes in Class. <input type="checkbox"/>	
DATE 10/19/88	
BY 023	
30 DEC 1978	

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : [] Audit Report, 1 January 1956 - 29 February 1956,
Shortage in Gasoline Fund (\$524.41)1. PROBLEM:

Should any one or all of the finance officers or Chiefs of Station involved be held pecuniarily liable for the shortage of \$524.41 in the [] gasoline fund or should the amount be written off in accordance with CFR 1.4 c.

2. FACTS BEARING ON THE PROBLEM:

a. In the spring of 1951, Mr. [] Chief of Station, authorized the selling of Government-owned gasoline and kerosene to [] station personnel. Tab A, paragraph 3.

b. Mr. [] finance officer 1951 - March 1952, was directed to collect for and account for the sale of these petroleum products. Tab A, paragraph 4d.

c. The amounts received from the sale of petroleum products were not recorded in the [] official financial records until March 1955 when the practice was discontinued. Tab D, paragraph 1 C.

d. Mr. [], a finance clerk, GS-6, took over from Mr. [] in March 1952 and acted as finance officer until the arrival of [], the designated finance officer, in March 1952. At that time, Mr. [] was designated custodian of the gasoline fund and operated in that capacity until April 1954. Tabs B and D.

e. Mr. [] succeeded Mr. [] as Chief of Station on 19 July 1952. He was aware that personnel were permitted to purchase petroleum products from Agency stocks and that this continued until in March 1955 a local oil company permitted personnel to purchase duty-free gasoline. He states that he was unaware that the collections were not recorded in the official ledgers of the Agency. Tab C.

ILLEGIB

CONFIDENTIAL

f. In April 1954, Mr. [] assumed the duties of acting finance officer and so operated until April 1955 when he was relieved by [] the present incumbent. Tab D.

25X1A9a

25X1A9a

g. The funds received from the sale of the petroleum products were used as:

1. Accommodation exchange for Agency employees.

2. Emergency payment of bills.

3. Miscellaneous payments to personnel such as for travel advances. Tab D, paragraph II C.

h. On 31 March 1955, after the practice was discontinued, [] recorded the receipt of [] and on 17 May 1955, [], the present finance officer, recorded the receipt of [] Tab E, paragraph E.

25X1A9a

25X1A9a

i. Mr. [] succeeded Mr. [] as Chief of Station on 22 July 1955 and was Chief of Station when the audit which developed the existence of the shortage was made.

25X1A9a

j. This audit of the records of the gasoline fund maintained at the station indicated that petroleum products valued at \$9,175.94 were sold while only \$7,866.83 had been taken into the official accounts, a difference of \$1,310.11. The auditor allowed credit for approved travel claims for \$766.70 which had not been reimbursed with official funds, thus reducing the net shortage to \$524.41. Tab E, paragraph 8.

3. DISCUSSION:

a. Government-owned petroleum products were sold to [] station personnel and the amounts collected were not included in the official station funds. Instead, the funds were used to provide accommodation exchange facilities for station personnel, for the emergency payment of bills with a later refund to the gasoline account and for miscellaneous payments to personnel with subsequent reimbursement to the account. However, adequate control of the fund was not maintained as is evidenced by the audit which revealed that the fund had not been properly reimbursed for \$766.70 and an unexplained shortage of \$524.41 exists.

25X1A6a

b. Who was responsible for this situation? Should any one or all of the station chiefs or finance officers involved be held pecuniarily liable for this shortage?

- X -

~~CONFIDENTIAL~~

- c. The record indicates that Mr. [] Chief of Station, approved the sale of Government-owned gasoline. He claims that Mr. [] then finance officer, was directed to collect for and account for the amounts collected. He also states that [] was specifically directed to "account for such funds in the prescribed manner". Why [] did not follow prescribed procedures cannot be readily determined as he is no longer in the employ of the Agency. 25X1A9a
- d. Mr. [] Chief of Station 19 July 1952 - 22 July 1955, part of the period involved, states he was unaware that the proceeds from the sale of gasoline were not recorded in the official [] financial records. Mr. [] was succeeded by [] during whose term the discrepancy was discovered and corrective action taken. 25X1A9a 25X1A9a
- e. [] finance officer March 1952 - April 1954, indicates (Tab B) that he brought the matter to the attention of the Chief, [] and after discussion, it was decided not to change the existing procedures. No indication was given which Chief of Station was made aware of the practice. 25X1A9a 25X1A6a
- f. Mr. [], who, under the direction of [] March 1952 - April 1954 and as acting finance officer April 1954 - 31 March 1955, handled the gasoline account, knew that the sums were not included in the official records of the Agency. He states that his failure to correct the situation was due to:
- "1. The fact that the procedure was in effect upon my assignment to the station and my superiors instructed me in the procedure followed. Thus it appeared to have official sanction.
 2. Lack of experience and background in accounting and control of cash sufficient to enable me to recognize the procedure as improper and insist on the establishment of proper accountability.
 3. Limited training, supervision and instructions in proper financial procedures from my superiors.
 4. Lack of knowledge of and experience in the implementation of Agency regulations."
- g. The present Chief of Station, Mr. [] and the present finance officer, [] arrived after the sale of petroleum products had been discontinued. It was during this period that the audit was made and the discrepancies brought to light. 25X1A9a 25X1A9a

25X1A9a

h. Mr. [] appears to be primarily responsible for the development and the installation of the system of accounting, but he is no longer with the Agency. Although there is no evidence of any misuse of funds on their part, Mr. [] and Mr. [] could be charged with inexperience and poor judgment in continuing the fund without inclusion in the official records. Also, it appears from the audit that the records were not accurately maintained. Messrs. [] the station chiefs during the period involved, could be charged with inadequate supervision, but it does not appear that they could be held pecuniarily liable since [] was a class "A" station and the primary responsibility for the custody and accounting for the station funds was vested in the finance officer.

25X1A9a

25X1A9a

25X1A

25X1A

4. CONCLUSION:

Since it cannot be determined when the shortage occurred or how much of the deficiency occurred during the stewardship of any of the finance officers and since neither of the finance officers now in our employ was responsible for setting up the system and accounting for the funds at the time the sale of petroleum products was instituted, the Board feels that there is insufficient evidence to permit holding any one now in our employ primarily responsible for the shortage.

5. RECOMMENDATION:

The shortage of \$624.41 in the [] gasoline fund should be written off in accordance with CFR 1.4 c.

25X1A

25X1A9a

[]
Chairman, Board of Review
for Shortages and Losses

CONCUR

15
Audit []
151
Office of AD/P Office of General Counsel

25X1A9a

151 E. R. Saunders
Comptroller

The action recommended in paragraph 5, above, is approved.

151 L. G. White
Deputy Director (Support) [] Date

RHF-FAG:amw (28 February 1957)

Orig. & 1 - C/Board 8 - AD/S 4 - 1 - Each Board Member 1 - PAS